

**Columbus Avenue
District Management Association, Inc.**

Financial Statements

**Years Ended
June 30, 2016 and 2015**

Columbus Avenue District Management Association, Inc.

June 30, 2016 and 2015

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Independent Auditors' Report

**To the Board of Directors
Columbus Avenue District Management Association, Inc.
New York, New York**

We have audited the accompanying financial statements of the Columbus Avenue District Management Association, Inc. (a nonprofit organization), which comprise the statements of financial position as of June 30, 2016 and 2015, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Columbus Avenue District Management Association, Inc. as of June 30, 2016 and 2015, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matter

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedules of functional expenses on pages 6 and 7 are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Cipriani & Bauer

Cipriani & Bauer Certified Public Accountants, LLC
Brooklyn, New York
September 29, 2016

Columbus Avenue District Management Association, Inc.
(a not-for-profit organization)
Statements of Financial Position
June 30, 2016 and 2015

	<u>Assets</u>	
	<u>2016</u>	<u>2015</u>
Current Assets:		
Cash and cash equivalents	\$ 269,285	\$ 390,524
Accounts receivable	14,711	22,768
Prepaid expenses	6,373	4,584
Total Current Assets:	<u>290,369</u>	<u>417,876</u>
 Depreciable Property:		
Depreciable property (Note 6)	163,057	139,430
Less: accumulated depreciation	<u>(81,695)</u>	<u>(78,161)</u>
Net Depreciable Property	<u>81,362</u>	<u>61,269</u>
 Security deposit	<u>750</u>	<u>750</u>
 Total Assets	 <u>\$ 372,481</u>	 <u>\$ 479,895</u>
 <u>Liabilities and Net Assets</u>		
 Current Liabilities:		
Accounts payable and accrued expenses	\$ 45,299	\$ 82,058
Total Current Liabilities	<u>45,299</u>	<u>82,058</u>
 Net Assets:		
Unrestricted	327,182	397,837
Temporarily restricted	-	-
Permanently restricted	<u>-</u>	<u>-</u>
Total Net Assets	<u>327,182</u>	<u>397,837</u>
 Total Liabilities and Net Assets	 <u>\$ 372,481</u>	 <u>\$ 479,895</u>

See accompanying notes to financial statements

Columbus Avenue District Management Association, Inc.
(a not-for-profit organization)
Statements of Activities and Changes in Net Assets
For the Year Ended June 30, 2016
(with comparative totals for 2015)

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total 2016</u>	<u>Total 2015</u>
Support and Revenue:					
BID assessments-NYCDSBS	\$ 338,800	\$ -	\$ -	\$ 338,800	\$ 308,366
Special event (New Taste) sponsors	136,675	-	-	136,675	136,924
Special event (New Taste) ticket sales	167,778	-	-	167,778	228,367
Map ad revenue	11,500	-	-	11,500	10,850
Other income	3,810	-	-	3,810	120
Total Support and Revenue	<u>658,563</u>	<u>-</u>	<u>-</u>	<u>658,563</u>	<u>684,627</u>
Expenses:					
Program services	240,061	-	-	240,061	222,563
Management and general	115,157	-	-	115,157	120,459
Fundraising	374,000	-	-	374,000	369,922
Total Expenses	<u>729,218</u>	<u>-</u>	<u>-</u>	<u>729,218</u>	<u>712,944</u>
Changes in Net Assets	(70,655)	-	-	(70,655)	(28,316)
Net Assets, Beginning	<u>397,837</u>	<u>-</u>	<u>-</u>	<u>397,837</u>	<u>426,153</u>
Net Assets, Ending	<u>\$ 327,182</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 327,182</u>	<u>\$ 397,837</u>

See accompanying notes to financial statements

Columbus Avenue District Management Association, Inc.
(a not-for-profit organization)
Statements of Cash Flows
For the Years Ended June 30, 2016 and 2015

	2016	2015
Operating Activities:		
Changes in net assets	\$ (70,655)	\$ (28,316)
Adjustments to reconcile increase (decrease) to cash provided (used) by operating activities		
Provision for amortization/depreciation	3,534	3,436
(Increase) decrease in operating assets:		
Accounts receivable	8,057	(187)
Prepaid expenses	(1,789)	6,852
Increase (decrease) in operating liabilities:		
Accounts payable and accrued expenses	<u>(36,759)</u>	<u>47,354</u>
Net cash (used in) provided by operating activities:	<u>(97,612)</u>	<u>29,138</u>
Investing Activities:		
Streetscape improvements	<u>(23,627)</u>	<u>-</u>
Net cash (used in) investing activities:	<u>(23,627)</u>	<u>-</u>
Financing Activities:		
None	<u>-</u>	<u>-</u>
Net cash (used in) financing activities:	<u>-</u>	<u>-</u>
Net (decrease) increase in cash and cash equivalents	(121,239)	29,138
Cash and cash equivalents - beginning of period	<u>390,524</u>	<u>361,386</u>
Cash and cash equivalents - end of period	<u>\$ 269,285</u>	<u>\$ 390,524</u>

See accompanying notes to financial statements

Columbus Avenue District Management Association, Inc.
(a not-for-profit organization)
Statements of Functional Expenses
For the Year Ended June 30, 2016
(with comparative totals for 2015)

	<u>Program Services</u>				<u>Support Services</u>			<u>Total 2016</u>	<u>Total 2015</u>
	<u>Supplemental</u>		<u>Marketing and Promotion</u>	<u>Other Programs</u>	<u>Total Program Services</u>	<u>Management and Fundraising</u>			
	<u>Sanitation Programs</u>	<u>Beautification Programs</u>				<u>General</u>	<u>Fundraising</u>		
Expenses:									
Payroll	\$ -	\$ -	\$ 59,894	\$ -	\$ 59,894	\$ 60,074	\$ 59,894	\$ 179,862	\$ 167,066
Payroll taxes	-	-	4,643	-	4,643	4,657	4,643	13,943	13,680
Payroll services	-	-	-	-	-	1,798	-	1,798	1,939
Professional fees	-	-	9,710	-	9,710	6,513	115,183	131,406	126,662
Street cleaning	59,390	-	-	-	59,390	-	-	59,390	54,965
Equipment rental and maintenance	-	-	-	-	-	-	137,317	137,317	143,519
Printing and publications	-	-	15,853	-	15,853	-	9,636	25,489	23,261
Tree maintenance and plantings	-	34,121	-	-	34,121	-	-	34,121	31,207
Pedestrian and holiday lights	-	-	14,450	-	14,450	-	-	14,450	9,510
Rent and utilities	-	-	-	-	-	10,040	-	10,040	10,281
Insurance	-	-	-	-	-	8,028	989	9,017	9,487
Health insurance	-	-	-	-	-	3,552	-	3,552	2,504
Outside services	-	-	-	-	-	-	26,874	26,874	32,702
Depreciation expense	-	-	-	-	-	3,534	-	3,534	3,436
Office expenses and supplies	-	-	-	-	-	5,061	19,464	24,525	25,720
Telephone	-	-	-	-	-	3,722	-	3,722	3,537
Donations	-	-	-	42,000	42,000	-	-	42,000	43,000
Dues, subscriptions and filing fees	-	-	-	-	-	2,187	-	2,187	1,691
Meetings, travel and conferences	-	-	-	-	-	5,991	-	5,991	8,777
Total Expenses:	<u>\$ 59,390</u>	<u>\$ 34,121</u>	<u>\$ 104,550</u>	<u>\$ 42,000</u>	<u>\$ 240,061</u>	<u>\$ 115,157</u>	<u>\$ 374,000</u>	<u>\$ 729,218</u>	<u>\$ 712,944</u>

See accompanying notes to financial statements

Columbus Avenue District Management Association, Inc.
(a not-for-profit organization)
Statement of Functional Expenses
For the Year Ended June 30, 2015

	<u>Program Services</u>				<u>Support Services</u>			<u>Total 2015</u>
	<u>Supplemental Sanitation Programs</u>	<u>Beautification Programs</u>	<u>Marketing and Promotion</u>	<u>Other Programs</u>	<u>Total Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	
Expenses:								
Payroll	\$ -	\$ -	\$ 55,633	\$ -	\$ 55,633	\$ 55,800	\$ 55,633	\$ 167,066
Payroll taxes	-	-	4,556	-	4,556	4,569	4,556	13,680
Payroll services	-	-	-	-	-	1,939	-	1,939
Professional fees	-	-	8,500	-	8,500	14,180	103,982	126,662
Street cleaning	54,965	-	-	-	54,965	-	-	54,965
Equipment rental and maintenance	-	-	-	-	-	-	143,519	143,519
Printing and publications	-	-	15,193	-	15,193	-	8,069	23,261
Tree maintenance and plantings	-	31,207	-	-	31,207	-	-	31,207
Pedestrian and holiday lights	-	-	9,510	-	9,510	-	-	9,510
Rent and utilities	-	-	-	-	-	10,281	-	10,281
Insurance	-	-	-	-	-	8,236	1,251	9,487
Health insurance	-	-	-	-	-	2,504	-	2,504
Outside services	-	-	-	-	-	-	32,702	32,702
Depreciation expense	-	-	-	-	-	3,436	-	3,436
Office expenses and supplies	-	-	-	-	-	9,008	16,712	25,720
Telephone	-	-	-	-	-	3,537	-	3,537
Donations	-	-	-	43,000	43,000	-	-	43,000
Dues, subscriptions and filing fees	-	-	-	-	-	1,691	-	1,691
Meetings, travel and conferences	-	-	-	-	-	5,277	3,500	8,777
Total Expenses:	<u>\$ 54,965</u>	<u>\$ 31,207</u>	<u>\$ 93,392</u>	<u>\$ 43,000</u>	<u>\$ 222,563</u>	<u>\$ 120,459</u>	<u>\$ 369,922</u>	<u>\$ 712,944</u>

See accompanying notes to financial statements

Columbus Avenue District Management Association, Inc.
Notes to Financial Statements
June 30, 2016 and 2015

Note 1 – Organization

The Columbus Avenue District Management Association, Inc. (the BID) was incorporated under New York State and organized to promote commercial revitalization along Columbus Avenue from West 67th to West 82nd Streets in New York City by providing supplemental services such as increased sanitation, business promotion, neighborhood beautification and initiating capital improvements to make the neighborhood cleaner, safer and more attractive.

The BID receives its annual budget through a special assessment New York City places primarily on commercial property owners within the district's boundaries, which is then collected by the City of New York. A fixed amount based on the approved budget is turned over to the BID by the City on a bi-annual basis. The BID is designated a District Management Association ("DMA") and is made up of property owners and commercial and residential tenants.

Note 2 – Date of Management's Review

In preparing the financial statements, the organization has evaluated events and transactions for potential recognition or disclosure through September 29, 2016, the date the financial statements were available to be issued.

Note 3 – Summary of Significant Accounting Policies

Basis of Accounting

The financial statements of the organization have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles (GAAP) and reflect all significant receivables, payables, and other liabilities.

Basis of Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 958-205, *Presentation of Financial Statements*. Under FASB ASC 958-205, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Unrestricted – represents activity which has not been restricted by donors.

Temporarily restricted – represents donor restricted contributions whose restrictions have not been met at year end but whose restrictions are anticipated to be met in the future. The organization did not have any temporarily restricted net assets at June 30, 2016 and 2015.

Permanently restricted – represents donor restricted assets which must remain intact. These types of assets are commonly referred to as endowment. The organization did not have any permanently restricted net assets at June 30, 2016 and 2015.

Columbus Avenue District Management Association, Inc.
Notes to Financial Statements
June 30, 2016 and 2015

Note 3 – Nature of Organization and Summary of Significant Accounting Policies *(continued)*

Cash and Cash Equivalents

The organization considers all highly liquid investments financial instruments purchased with a maturity of three months or less to be cash equivalents.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions. These estimates and assumptions affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from the estimates.

Equipment and Improvements

Purchases of furniture, equipment and streetscape improvements which have a useful life of greater than one year and which exceed certain established dollar levels are capitalized and recorded at cost. Donations of the same, are valued at fair market at the time of the donation. Depreciation is provided for annually, based on the useful lives of the assets.

Functional Allocation of Expenses

The costs of providing the Columbus Avenue District Management Association's various programs and supporting services have been summarized on a functional basis in the statement of activities and in the statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Management and general expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the organization.

Tax Status

The Columbus Avenue District Management Association, Inc. has received a determination from the Internal Revenue Service that they are exempt from federal income taxes as an organization under section 501(c)(3) of the Internal Revenue Code and is a publicly supported charity as provided in Section 509(a)(1). The organization is also registered with the New York State Charities Bureau. As a result, no provision for income taxes has been made in these financial statements.

Comparative Financial Information

The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the organizations financial statements for the year ended June 30, 2015, from which the summarized information as derived.

Columbus Avenue District Management Association, Inc.
Notes to Financial Statements
June 30, 2016 and 2015

Note 3 – Nature of Organization and Summary of Significant Accounting Policies *(continued)*

Contributions

In accordance with FASB ASC 958-210, *Accounting for Contributions Received and Contributions Made*, contributions received with donor stipulations that limit the use of the assets are reported as restricted support. When a restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. In addition, those contributions whose restrictions lapse in the same period the contribution is made are recorded as unrestricted.

Uninsured Cash Balances

The Federal Deposit Insurance Corporation (FDIC) insures deposit accounts for up to \$250,000 per depositor, per insured bank for each account ownership category. As of June 30, 2016 and 2015 the organization had deposits which exceeded FDIC coverage by approximately \$59,200 and \$141,000, respectively.

Note 4 – Contract with the City of New York

The City of New York, acting through its Department of Small Business Services, has entered into a contract with the Columbus Avenue District Management Association, Inc. to provide the Columbus Avenue area from West 67th to West 82nd Streets with community improvements, including improving environmental conditions, increasing public safety and supplementing social services. The City shall pay a set sum of assessments collected based on a formula related to the amount of real property owned within the District.

The City of New York, acting through its Department of Small Business Services, renewed its contract with the Columbus Avenue District Management Association, Inc. for another five-year term. The new contract began July 1, 2013 and extends until June 30, 2018. The total income awarded by the City of New York, for the fiscal years ended June 30, 2016 and June 30, 2015 was \$338,800 and \$308,366, respectively.

The members of the BID voted to increase their budgeted assessment by \$150,000 and for it to be phased in with \$30,000 increases each fiscal year over a five-year period. Total assessments being collected over the five fiscal years are as follows: June 30, 2016, \$338,800; June 30, 2017, \$368,800; June 30, 2018, \$398,800; June 30, 2019, \$428,800; and June 30, 2020, \$458,800.

Note 5 – Contingency

The Columbus Avenue District Management Association is dependent on assessments against property in the district collected by the NYC Department of Finance. Any change in this level of support could materially impact the ability of the Columbus Avenue District Management Association to continue to provide its services.

Columbus Avenue District Management Association, Inc.
Notes to Financial Statements
June 30, 2016 and 2015

Note 6 – Depreciable Property

Depreciable property at June 30, 2016 and 2015 consists of:

	2016	2015
Office furniture, fixtures and equipment	\$ 10,269	\$ 10,269
Website	4,800	4,800
Streetscape improvements	92,338	68,711
Tree guards	<u>55,650</u>	<u>55,650</u>
Total depreciable property	<u>163,057</u>	<u>139,430</u>
Less accumulated depreciation	<u>(81,695)</u>	<u>(78,161)</u>
Net depreciable property	<u>\$ 81,362</u>	<u>\$ 61,269</u>

Depreciation expense for June 30, 2016 and 2015 was \$3,534 and \$3,436, respectively.

Note 7 – Street Maintenance Contract

The Columbus Avenue District Management Association renewed its contract for supplemental street sanitation services with The Doe Fund, Inc. beginning on October 1, 2012 and ending September 30, 2013, at which time the contract was renewed until September 30, 2014. The contract was extended again for another year until September 30, 2015 with an annual fee of \$54,645 being made in equal monthly payments of \$4,553.75. The contract was extended again for another year until September 30, 2016 with an annual fee of \$62,916 being made in equal monthly payments of \$5,243. Street cleaning fees for the periods ended June 30, 2016 and 2015 were \$59,390 and \$54,965, respectively.

Note 8 – Office Lease

On August 29, 2012, the Columbus Avenue District Management Association signed a lease for office space located at 180 West 80th Street in Manhattan, New York. The lease will be for a one year term beginning on September 1, 2012 until August 31, 2013 for an annual rental rate of \$9,000 payable in monthly installments of \$750 plus a utility surcharge of \$88.40. The lease was extended for another year until August 31, 2015 at which time it was renewed through August 31, 2016. Rent expense for the fiscal years ended June 30, 2016 and 2015 was \$10,040 and \$10,281, respectively.

Columbus Avenue District Management Association, Inc.
Notes to Financial Statements
June 30, 2016 and 2015

Note 9 – Fundraising Event Management Contract

The Columbus Avenue District Management Association has entered into a contract with a company to help manage its annual fundraising event. The contract was for a three-year term beginning September 1, 2010, with incremental management fee increases at the end of each contract year. The project management fee for the first year was \$42,000; the second year's fee was \$44,100 and the third year's fee was \$46,300.

In addition to the base management fee, an incentive fee of 20% was paid on all cash revenue secured by the management company on behalf of the DMA for the first \$50,000, and a 25% incentive fee for all cash revenue over and above \$50,000. A flat travel stipend of \$4,000 for all travel and out-of-pocket expenses associated with managing the event was also paid for each contract period.

The Columbus Avenue District Management Association renewed its contract with Agency 21 Consulting LLC to help manage its annual fundraising event. The new contract is for a three-year term beginning November 1, 2013, with incremental management fee increases at the end of each contract year. The project management fee for the first year will be \$46,790; the second year's fee will be \$48,194 and the third year's fee will be \$49,640.

In addition to the base management fee, an incentive fee of 20% will be paid on all cash revenue secured by the management company on behalf of the DMA for the first \$50,000, and a 25% incentive fee for all cash revenue over and above \$50,000. This base incentive fee increases to \$55,000 for the 2015 event and \$60,000 for the 2016 event, with the percentages remaining the same. A flat travel stipend of \$3,500 for all travel and out-of-pocket expenses associated with managing the event was also paid.

Note 10 – Subsequent Events

Renewal of Office Space Lease

The Columbus Avenue District Management Association extended its current agreement to rent office space through August 31, 2017, with annual rent due of \$9,000 payable in equal monthly installments of \$750.

Renewal of Street Maintenance Contract

The Columbus Avenue District Management Association is in the process of signing a new agreement with The Doe Fund for continued supplemental sidewalk/street maintenance as of the date of this report.